



## Montana E-File 2003 Test Packet

### Montana Test 6

Based on Federal Test 13

**Forms:** Form 2S, 2EC (Form 2 supplied if 2S not supported)

**Return Status:** Refund

**Name and SSN:** Barrell, Test P 400-00-6807

**Address:** 128 S. Yellowstone  
Livingston, MT 59047

**Filing Status:** (1) Single

**Residency:** Full year resident

**Exemptions:** Total (3) - 1 regular 1 over 65 and 1 dependent

**Deduction:** Standard

**Adj. Federal AGI:** Line 14 \$1,575 (\$575 Federal refund, \$1,000 Interest)  
\$3,600 Exempt pension, line 15  
\$800 Elderly interest exclusion, line 16

**Documents:** add 1099-int First Security Bank \$1,000  
add 1099-G Federal refund \$575  
Tax Benefit Worksheet  
Line 1 \$575  
Line 4 \$3,575  
Line 5 \$10,000  
Line 9 \$4,000

# Full Year Resident - Short Form 2S - Individual Income Tax Return

**MONTANA**  
**2003**  
**Full Year Resident ONLY**  
**Filing from a Montana Address**

All other returns and refunds mail to:  
 Dept. of Revenue  
 PO Box 6577  
 Helena, MT 59604-6577

For tax due mail to:  
 Dept. of Revenue  
 PO Box 6308  
 Helena, MT 59604-6308

**Round To nearest dollar.**  
**If no entry leave blank**

Last Name <b>Barrell</b>		First Name and Middle Initial <b>Test P</b>		Social Security No. <b>400-00-6807</b>	
Spouse's Last Name if Different		Spouse's First Name and Middle Initial		Spouse's Social Security No.	
Mailing Address (Montana Addresses Only) <b>128 S. Yellowstone</b>			City <b>Livingston</b>		Zip Code + 4 <b>MT 59047</b>
Filing Status Check One	1. Single <input checked="" type="checkbox"/>	2. Married Filing Joint Return <input type="checkbox"/>	3. Head of Household (see Instructions) <input type="checkbox"/>	<b>File on or Before April 15, 2004</b>	

<b>Exemptions</b>			All filers are entitled to at least one exemption		
Regular	65 or Over	Blind			
1. Yourself <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Enter number checked <b>2</b>		
2. Spouse <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Enter number checked		
3. Dependents			3. Dependents <b>1</b>		
Do not claim yourself or spouse			4. Handicapped Dependent		
Dependent's Name <b>Roland</b>	Dependent's Social Security Number <b>400-55-3013</b>	Relationship <b>Fos</b>			
5. Add lines 1, 2, 3 and 4 (if additional dependents, see instructions)			Total Number Exemptions <b>3</b>		

6. Wages, salaries, tips, etc.....	Attach W-2(s)	6.	
7. Taxable interest income.....	Attach Federal Schedule if over \$1,500	7.	<b>8,000</b>
8. Dividend income.....	Attach Federal Schedule if over \$1,500	8.	
9. Federal taxable pensions, IRA distributions, annuities .....	Attach 1099R's	9.	<b>7,000</b>
10. Unemployment, alimony, state refund, etc. specify .....		10.	
11. Total of lines 6 thru 10 .....	<b>Total</b>	11.	<b>15,000</b>
12. Adjustments: moving expense, IRA, alimony, student loan interest, etc., specify .....		12.	
13. <b>Federal adjusted gross income</b> (subtract line 12 from line 11).....	<b>Total</b>	13.	<b>15,000</b>
14. <b>Add:</b> Interest on state and county municipal bonds (non-Montana) and/or federal refund (see instructions)		14.	<b>1,575</b>
<b>Subtract:</b>			
15. Exempt pension and annuity income - see Worksheet IV, page 13 .....		15.	<b>3,600</b>
16. Interest exclusion for elderly .....		16.	<b>800</b>
17. Interest exclusion for savings bonds, etc. specify .....		17.	
18. Unemployment .....		18.	
19. Other reductions (including tips, etc.) Refer to page 5 of instructions.....		19.	
20. Total adjustments decreasing income (add lines 15 thru 19) .....	<b>Total</b>	20.	<b>4,400</b>
21. <b>Montana adjusted gross income</b> (add lines 13 and 14, subtract line 20) .....	<b>Total</b>	21.	<b>12,175</b>
22. a. Standard deduction - see Worksheet V, page 13. a. <input checked="" type="checkbox"/> .....	22a. <b>2,435</b>		
b(i) Federal income taxes paid or withheld in 2003.....	b. <input type="checkbox"/> b(i) .....	22b.	
<b>NEW</b> b(ii) 2003 Federal Advance Child Credit .....	b(ii) .....	23.	<b>5,340</b>
23. Multiply \$1,780 times the number of exemptions.....			
24. Add lines 22 and 23.....	<b>Total</b>	24.	<b>7,775</b>
25. Taxable income. Subtract line 24 from 21 (If less than zero enter zero).....	<b>Total</b>	25.	<b>4,400</b>
26. Tax on amount on line 25 from tax table on back of this form.....		26.	<b>110</b>
27. In boxes below, enter any amount you and your spouse would like to contribute. See instructions.			
Nongame Wildlife Program  Child Abuse Prevention	28. <input type="text"/>	29. <input type="text"/>	30. <input type="text"/>
Enter amounts in boxes.....			<b>Total</b>
31. Total tax - add lines 26 and 27.....	<b>Total</b>	31.	<b>110</b>
32. Montana tax withheld.....	Attach withholding statements W-2(s), 1099(s) etc. 32.		
33. Elderly Homeowner/Renter Credit.....	Attach Form 2EC 33.		<b>1,000</b>
34. Add lines 32 and 33.....	<b>Total</b>	34.	<b>1,000</b>
35. If line 34 is larger than line 31 enter difference (refunds of more than \$1.00 will be issued).....	<b>Refund</b>	35.	<b>890</b>
If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions  Checking <input type="checkbox"/> Savings <input type="checkbox"/>			
RTN# <input type="text"/>	ACCT# <input type="text"/>		
36. If line 31 is larger than line 34 enter difference.....	<b>Tax Due</b>	36.	
If you chose to pay your tax due by credit card visit our website at <a href="http://www.discoveringmontana.com/revenue">www.discoveringmontana.com/revenue</a> and enter your confirmation number here. See instructions on page 11.			
37. Penalties (see instructions for calculation of penalties)			
Under Pay <input type="text"/>	Late File <input type="text"/>	Late Pay <input type="text"/>	Interest <input type="text"/>
<b>Total of Boxes</b>			37.
38. Add lines 36 and 37. Attach check or money order for full amount if \$1.00 or more.			
Payable to the Department of Revenue.....			<b>Total Due</b>
Include your payment with the payment coupon provided in this booklet.			38.

Name, address and telephone number of preparer		May the DOR discuss this return with the preparer shown? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>		Check box if you do not need state income tax forms and instructions mailed to you next year. <input type="checkbox"/>	
Your signature is required <b>X</b>		Date	Telephone number	Spouse signature (if filing jointly, both must sign) <b>X</b>	
I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.					

MT test #6  
 Fed. test #13

REPORT YOUR INCOME



ATTACH WITHHOLDING STATEMENTS



# 2003 Montana Individual Income Tax Return Form 2

03

or Fiscal year beginning \_\_\_\_\_, 2003 and ending \_\_\_\_\_, 2004.

Last Name <b>Barrell</b>		First Name and Middle Initial <b>Test P</b>		<input type="checkbox"/> Deceased <input type="checkbox"/>	Social Security No. <b>400-00-6807</b>
Spouse's Last Name if Different		Spouse's First Name and Middle Initial			Spouse's Social Security No.

Mailing Address <b>128 S. Yellowstone</b>	City <b>Livingston</b>	State <b>MT</b>	Zip Code+4 <b>59047</b>
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Filing Status Check One	1 <input checked="" type="checkbox"/> Single	2 <input type="checkbox"/> Married filing joint return	3 <input type="checkbox"/> Married and both filing separate returns on this form	4 <input type="checkbox"/> Married and both filing separate returns on separate forms	5 <input type="checkbox"/> Married filing separate return and spouse is not filing	6 <input type="checkbox"/> Head of Household (see instructions)
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Residency Check One	1 <input checked="" type="checkbox"/> Resident Full Year	2 <input type="checkbox"/> Nonresident Full Year	3 <input type="checkbox"/> Resident Part Year	Give date of change month _____ year _____	State moved to:	State moved from:
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Exemptions			Column A (for single joint, separate, or head of household)	Column B (for spouse only when filing separate, and box 3 is checked)															
Regular	65 or Over	Blind																	
1. Yourself <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1.	<input type="checkbox"/> 2.															
2. Spouse <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 2.	<input type="checkbox"/> 3.															
3. Dependents	<table border="1"> <thead> <tr> <th>Dependent's Full Name</th> <th>Dependent's Social Security Number</th> <th>Relationship</th> </tr> </thead> <tbody> <tr> <td><b>Roland</b></td> <td><b>400-55-3013</b></td> <td><b>Fos</b></td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		Dependent's Full Name	Dependent's Social Security Number	Relationship	<b>Roland</b>	<b>400-55-3013</b>	<b>Fos</b>										<input type="checkbox"/> 3.	<input type="checkbox"/> 4.
Dependent's Full Name	Dependent's Social Security Number	Relationship																	
<b>Roland</b>	<b>400-55-3013</b>	<b>Fos</b>																	
4. Handicapped Dependent			<input type="checkbox"/> 4.	<input type="checkbox"/> 5.															
5. Add lines 1, 2, 3 and 4 (if additional dependents, see instructions).....			<b>3</b>	<input type="checkbox"/> 5.															

Enter amounts reported on federal return		Round to nearest dollar if no entry leave blank			
6. Wages, salaries, tips, etc. .... Attach copies of W-2(s) from all states	6.		6.		
7. Taxable interest income .... Attach Federal Schedule if over \$1,500	7.	<b>8,000</b>	7.		
8. Dividend income .... Attach Federal Schedule if over \$1,500	8.		8.		
9. Net business income (loss) .... Attach Federal Schedule C or C-EZ	9.		9.		
10. Capital gain (or loss) .... Attach Federal Schedule D	10.		10.		
11. Supplemental gains (or losses) .... Attach Federal Form 4797	11.		11.		
12. Rents, royalties, partnerships, estates, trusts, etc. .... Attach Federal Schedule E and Form 8582 and all K-1's	12.		12.		
13. Total IRA distributions a. <table border="1"><tr><td> </td><td> </td></tr></table> 13b. Taxable amount			13b.		13b.
14. Total pensions and annuities a. <b>7,000</b> 14b. Taxable amount	14b.	<b>7,000</b>	14b.		
15. Social security benefits a. <table border="1"><tr><td> </td><td> </td></tr></table> 15b. Taxable amount			15b.		15b.
16. Net farm income (Loss) .... Attach Federal Schedule F	16.		16.		
17. Other income: State refund _____ alimony _____ unemployment _____ other (specify) _____	17.		17.		
18. Total of lines 6 thru 17 ..... <b>Total</b> ➔	18.	<b>15,000</b>	18.		
19. Adjustments to income. Educator expenses _____ IRA deduction _____ Student loan interest _____ Tuition and fees _____ 1/2 SE Tax _____ Moving Expenses(Attach Form 3903) _____ SE Health _____ SE SEP, SIMPLE _____ Penalty on early withdrawal of savings _____ Alimony paid _____ Other _____	19.		19.		
20. Federal adjusted gross income (subtract line 19 from line 18) ..... ➔	20.	<b>15,000</b>	20.		

**Note: Line 20 must match your federal adjusted gross income**

21. Interest and dividends on state, county, or municipal bonds (Non-Montana) .....	21.	<b>1,000</b>	21.
22. Federal income tax refunds/overpayment (see page 3, line 22 on instructions) .....	22.	<b>575</b>	22.
23. Other additions, (see page 3, line 23 of instructions) Specify _____	23.		23.
24. Total additions to income (add lines 21 thru 23) ..... <b>Total</b> ➔	24.	<b>1,575</b>	24.
25. Add lines 20 and 24, enter result ..... ➔	25.	<b>16,575</b>	25.

26. Farm Risk Management Account ..... Attach Form FRM	26.		26.
27. Interest exclusion for elderly .....	27.	<b>800</b>	27.
28. Interest exclusion for savings bonds, etc. Specify _____	28.		28.
29. Exempt pension & annuity income, (not soc. sec./disability) Attach Worksheet IV, Page 13	29.	<b>3,600</b>	29.
30. Unemployment .....	30.		30.
31. Medical Care Savings Account ..... Attach Form MSA	31.		31.
32. Family Education Savings Account (Attach name and social security number(s) of beneficiary)	32.		32.
33. First Time Home Buyers Account ..... Attach Form FTB	33.		33.
34. <b>NEW</b> Health care professional loan payment exclusion .....	34.		34.
35. Other reductions (see page 5, line 35 of instructions). Specify _____	35.		35.
36. Total reductions to income (add lines 26 thru 35)..... <b>Total</b> ➔	36.	<b>4,400</b>	36.
37. Subtract line 36 from line 25. Enter here and on line 38, page 2.....	37.	<b>12,175</b>	37.

Form 2 Page 2 - 2003 Social Security Number 400 / 00 / 6807

Column A (for single joint, separate, or head of household) Column B (for spouse only when filing separate, and box 3 is checked)

38. Montana adjusted gross income (From line 37) 38. 12,175 38.

Deductions Check only one

39. (A) Standard deduction: [X] (A) } 39. 2,435 39.

(B) Itemized deductions: [ ] (B) }

40. Subtract line 39 from 38 and enter balance. 40. 9,740 40.

Exemptions (All filers are entitled to at least one exemption)

41. Multiply \$1,780 times the number of exemptions on line 5 41. 5,340 41.

42. Taxable income. Subtract line 41 from line 40 42. 4,400 42.

Nonresidents and Part-Year Residents complete and attach Schedules III and IV Form 2A, before proceeding

43. Tax from table below. Non/part year residents enter the amount from line 131, Form 2A, Schedule IV. If line 42 is less than zero, enter zero here. 43. 110 43.

44. Tax on lump sum distributions (see instructions for this line). Attach Federal Form 4972 44. 110 44.

45. Subtotal—Add lines 43 and 44. Subtotal 45. 110 45.

46. Credits from Form 2A, line 113, Schedule II 46. 110 46.

47. Balance—Subtract line 46 from 45 and enter difference (but not less than zero). 47. 110 47.

48. Recapture investment credit Attach Form RIC. 48. 48.

49. Recapture tax and withdrawal penalties (specify) 49. 49.

50. For each of the programs below enter any amount you and your spouse want to contribute. Enter totals in boxes (see instructions for details).

50. 50.

54. Total Tax—Add lines 47, 48, 49 and 50. Total 54. 110 54.

55. Combine amounts shown on line 54 columns A and B. 55. 110 55.

56. Montana tax withheld. Attach withholding statements 56. 56.

57. Payments of 2003 estimated tax and amounts credited from previous year 57. 57.

58. Payment made with extension 58. 58.

59. Elderly Homeowner/ Renter Credit Attach Form 2EC 59. 1,000 59.

60. Total of lines 56 thru 59. Total 60. 1,000 60.

61. Combine amounts shown on line 60 columns A and B 61. 1,000 61.

62. If line 61 is larger than line 55 enter the difference. This is your overpayment. 62. 890 62.

63. Amount on line 62 to be applied to 2004 estimate 63. 63.

64. Enter the amount from line 62 you want refunded to you (refunds more than \$1.00 will be issued) Refund. 64. 890 64.

Refund Returns: Mail to Dept. of Revenue, PO Box 6577, Helena, MT 59604-6577

If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions on page 6.

RTN# ACCT#

65. If line 55 is larger than line 61 enter tax due (If you owe see instructions for this line) Tax Due 65. 65.

Send your check or money order with payment coupon to: Dept. of Revenue, PO Box 6308, Helena, MT 59604-6308.

If you choose to pay your tax due by credit card visit our website at www.discoveringmontana.com/revenue and enter your confirmation number here. See instructions on page 6.

• Check this box if at least 2/3 of your gross income is from farming. (attach breakdown of computations) [ ]

• Check here if estimated payments were made using the annualization method. (Attach Montana Form EST-P) [ ]

• Check here if you do not need state income tax forms and instructions mailed to you next year. Tax forms are also available on the internet. [ ]

Underpayment penalty See Worksheet VII, Schedule W... 66. 66.

Late filing penalty—See page 2..... 67. 67.

Late payment penalty—See page 2. 68. 68.

Interest 1% (.01) per month..... 69. 69.

Total of lines 65 through 69..... 70. 70.

Extension - Check this box and attach copies of federal extension(s) to receive a valid Montana extension. See Page 2 of instructions for details. [ ]

Name, address and telephone number of preparer

May the DOR discuss this return with the preparer shown above? yes [ ] no [ ]

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.

X 601-555-5430 X

Your signature is required Date Daytime telephone number Spouse signature Date

I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.

If you electronically file, keep this form for your records (do not send to the Department of Revenue).

Tax Table

If Taxable Income is:

Over	But not over	Multiply by	and Subtract = Tax
\$ 0	\$ 2,200	X ... 2 %	\$ 0
\$ 2,200	\$ 4,400	X ... 3 %	\$ 22
\$ 4,400	\$ 8,900	X ... 4 %	\$ 66
\$ 8,900	\$ 13,300	X ... 5 %	\$ 155
\$ 13,300	\$ 17,800	X ... 6 %	\$ 288

If Taxable Income is:

Over	But not over	Multiply by	and Subtract = Tax
\$ 17,800	\$ 22,200	X ... 7 %	\$ 466
\$ 22,200	\$ 31,100	X ... 8 %	\$ 688
\$ 31,100	\$ 44,500	X ... 9 %	\$ 999
\$ 44,500	\$ 77,800	X ... 10 %	\$ 1,444
\$ 77,800		X ... 11 %	\$ 2,222

Example = taxable income \$2,400 x 3% (.03) = \$72 subtract \$22 = \$50 tax

# 2003 Elderly Homeowner/Renter Credit

File on or before April 15, 2004, or with your Form 2 or 2S

**MONTANA**  
2EC  
Rev. 8-03

Please follow instructions on the back when completing this form

**Return will not be processed without a copy of your 2003 property tax bill or signed rent receipt(s)**  
**Please attach tax bill or rent receipts to this form**

## Part I

Last Name <b>Barrell</b>	Your First Name & Middle Initial <b>Test P</b>	<input type="checkbox"/>	Social Security No. <b>400-00-6807</b>
Spouse's Last Name if Different	Spouse's First Name & Middle Initial	<input type="checkbox"/>	Spouse's Social Security No.
Mailing Address <b>128 S. Yellowstone</b>		City <b>Livingston</b>	State <b>MT</b>
		Zip Code+4 <b>59047</b>	

If you are filing this form on behalf of a deceased taxpayer, provide the date of death. \_\_\_\_\_

**Part II** - If the answer to any of the questions below is no, you are not eligible for the credit. Do not complete this schedule.

<p>➤ Were you age 62 or older as of December 31, 2003? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>➤ Did you reside in this state for 9 months or more during 2003? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>➤ Did you occupy Montana residence(s) as an owner or renter a total of 6 months or more during 2003? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>➤ Was your total gross household income <u>less</u> than \$45,000 in 2003? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
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**Part III** - List taxable and nontaxable income received from all members of the household.

1. Enter total income received from wages, fees, bonuses, all capital gains, ordinary income, dividends and interest Do not include any losses .....	1. <b>8,000</b>
2. Enter total income from business, partnerships, rents, royalties, etc. Do not include any losses .....	2. _____
3. Enter any payments and interest on federal, state, county and municipal bonds .....	3. <b>1,000</b>
4. Enter alimony, public assistance, unemployment, tax refunds, state, federal and 2EC (etc.) .....	4. <b>575</b>
5. Enter all pensions, annuities, and IRA's including Railroad Retirement, PERS, Veteran's Disability, all social security income except social security paid directly to a nursing home .....	5. <b>7,000</b>
6. Total income - add lines 1 through 5. If greater than \$45,000, stop here you do not qualify ..... <b>Total</b>	6. <b>16,575</b>
7. Standard exclusion.....	7. <b>(6,300)</b>
8. Total household income - subtract line 7 from line 6 (if less than zero, enter zero) ..... <b>Total</b>	8. <b>10,275</b>

**Part IV** - Homeowners complete line 9; Renters complete line 10 and line 11

9. Enter all 2003 property taxes, fees, special assessments, and SIDs <u>billed</u> on residence and land not to exceed 1 acre. See instructions. ....	9. <b>1,575</b>	
10. Enter rent paid on residence in 2003 (attach signed rent receipts).....	10. <b>1,200</b>	
11. Rent equivalent - multiply line 10 by 15% (.15) .....	11. <b>180</b>	
12. Total of allowable property tax and/or allowable rents paid (line 9 for homeowners; line 11 for renters) .....	12. <b>1,755</b>	
13. Total household income from line 8 .....	13. <b>10,275</b>	
14. Enter multiplier figure from table on reverse side .....	14. <b>.045</b>	
15. Net allowable household income - multiply line 13 by line 14 .....	15. <b>462</b>	
16. Subtract line 15 from line 12. If zero or less, you cannot take the credit; do not file this form.....	16. <b>1,293</b>	
17. First, enter the amount from line 16 or \$1,000, whichever is smaller (the maximum credit is \$1,000).....	17. <b>1,000</b>	
<p>➤ Then, if line 6 is \$35,000 or less, enter the amount from line 17 on line 19 (skip line 18).</p> <p>➤ If line 6 is more than \$35,000, complete lines 18 and 19 below.</p>		
18. Enter the percentage amount from the table below that corresponds to the amount reported on line 6.....	18. _____	

<b>The amount on line 6 is between:</b>	<b>Your allowable credit percentage is:</b>	<b>The amount on line 6 is between:</b>	<b>Your allowable credit percentage is:</b>
\$35,000 - \$37,500	40% (.40)	\$42,501 - \$44,999	10% (.10)
\$37,501 - \$40,000	30% (.30)	\$45,000 - or more	0%
\$40,001 - \$42,500	20% (.20)		

19. Multiply the amount on line 17 by the percentage from line 18. This is your allowable Homeowner/Renter Credit..... 19. **1,000**

➤ If you file a Montana income tax return using Form 2 (long form), enter the amount from line 19 on line 59 of Form 2.

➤ If you file a Montana income tax return using Form 2S (short form), enter the amount from line 19 on line 33 of Form 2S.

➤ If you are not required to file either Form 2 or Form 2S, mail this form to: Montana Department of Revenue, PO Box 6577, Helena MT 59604-6577.

If you wish to use direct deposit enter your RTN# and ACCT# below. See instructions on back of this form.

**NEW**

RTN# \_\_\_\_\_ ACCT# \_\_\_\_\_

Checking ☐  
Savings ☐



I declare under penalty of false swearing that the information in this return and attachment is true, correct and complete.

Your Signature is Required \_\_\_\_\_ Date \_\_\_\_\_ Telephone Number \_\_\_\_\_ Spouse's Signature \_\_\_\_\_ Date \_\_\_\_\_ 103

**Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).**

# 2003 Individual Income Tax Worksheets

## Worksheet I - IRA Deduction

If you file jointly on your federal tax return and separately (filing status 3, 4 or 5) on your Montana return, your deductible IRA for Montana purposes may be less than the amount allowed on your federal return.

If during the tax year, neither spouse was covered by a retirement plan where they worked, Montana and federal IRA deductions will be the same (maximum \$3,000 per spouse, or \$3,500 if 50 years old or older). If part of your IRA deduction is attributable to the IRA of a nonworking spouse, that amount must be added back on line 23 in the column of the nonworking spouse.

If during the tax year, one or both spouses were covered by a retirement plan where they worked, complete both columns of the worksheet below to determine if there is a difference between allowable federal and Montana IRA deductions.

### IRA Worksheet

	Column A	Column B
1. Phase out amount .....	1. \$10,000	\$10,000
2. Enter your federal adjusted gross income before federal IRA contributions. ....	2. _____	_____
3. Subtract line 2 from line 1 .....	3. _____	_____
4. Maximum allowable IRA deduction. Multiply line 3 by 30% (.30) or by (35% (.35) in the column for the IRA of the individual who is age 50 or older at the end of 2003). If the result is \$200 or more, enter the result. If it is less than \$200 enter \$200. ....	4. _____	_____
5. Enter IRA amount from line 19, Form 2 .....	5. _____	_____
6. Enter lesser of line 4 or line 5 .....	6. _____	_____
7. Subtract line 6 from line 5 and enter this amount on line 23, Form 2. .... This is the nondeductible portion of your IRA for Montana purposes.	7. _____	_____

If you are married, filing separate returns and lived apart from your spouse the entire year, you will be treated as single individuals.

## Worksheet II - Tax Benefit Rule (Taxable Refunds and Reimbursements)

	Column A	Column B
1. Total of all federal income tax refunds received. Do not include refundable federal credits or more than the amount deducted for the prior year.....	1. 575	_____
2. All refunds and reimbursements of previously deducted itemized deductions..... Example: In 2002 you deducted medical expenses not covered by insurance. In 2003 your insurance company determines that a portion of the denied expenses should have been paid by them. They send you a check. This amount may be taxable because you claimed it as an expense paid by you in the prior tax year.	2. _____	_____
3. Add lines 1 and 2 above.....	3. 575	_____
4. Montana itemized deductions for prior year. If you took the standard deduction, stop here. None of the refund is taxable.....	4. 3,575	_____
5. Enter prior year's Montana adjusted gross income.....	5. 10,000	_____
6. If you are filing single or married filing separately, multiply line 5 by 20% (.20) If this amount is less than \$1,450, enter \$1,450. If more than \$3,260, enter \$3,260. If you are filing a joint return or filing as head of household, multiply line 5 by 20% (.20). If this amount is less than \$2,900, enter \$2,900. If more than \$6,520, enter \$6,520.....	6. 2,000	_____
7. Subtract line 6 from line 4. If the result is zero, stop here. The amount on line 3 is not taxable.....	7. 1,575	_____
8. Enter the smaller of line 3 or line 7.....	8. 575	_____
9. Montana taxable income from prior year.....	9. 4,000	_____
10. Enter the following amount on Form 2, line 22. If line 9 is zero or more, enter the amount from line 8. If less than zero, add lines 8 and 9 and enter the net amount (but not less than zero).....	10. 575	_____

## Worksheet III - Qualifying Capital Gain Exclusion

**Capital Gain Exclusion Worksheet** - If you had an installment sale(s) of a capital asset(s) which you entered into before January 1, 1987 you may be able to take a capital gain exclusion of 40%. Compute your exclusion on the worksheet below.

If Federal Schedule D line 18 is negative, you are not allowed a capital gain exclusion.  
Do not proceed any further.

	Column A	Column B
1. Add the amounts from Federal Schedule D lines 11 and 12 which pertain to installment sales entered into before January 1, 1987, and enter here.....	1. _____	_____
2. Add the amounts from Federal Schedule D lines 7b(f) and 16(f) and enter here.....	2. _____	_____
3. Divide line 1 by line 2. ....	3. _____ %	_____ %
4. Enter the amount from line 17(a) of Federal Schedule D, but not less than zero.....	4. _____	_____
5. Multiply the amount on line 4, times the % on line 3: _____ x _____ % .....	5. _____	_____
6. Multiply amount on line 5 times 40% (.40). This is your Montana capital gains exclusion. Enter on line 35 of Montana Form 2.....	6. X .40	X .40

**Attach this form to your tax return. If you electronically file, keep this form for your records (do not send to the Department of Revenue).**